

**THE FOODBANK OF
MONMOUTH AND OCEAN COUNTIES, INC.
D/B/A FULFILL**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEARS ENDED JUNE 30, 2017 AND 2016

CliftonLarsonAllen LLP



WEALTH ADVISORY | OUTSOURCING | AUDIT, TAX, AND CONSULTING



**THE FOODBANK OF MONMOUTH AND OCEAN COUNTIES, INC. D/B/A FULFILL
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INDEPENDENT AUDITORS' REPORT

Board of Trustees
The FoodBank of Monmouth and Ocean Counties d/b/a Fulfill
Neptune, New Jersey

We have audited the accompanying financial statements of The FoodBank of Monmouth and Ocean Counties d/b/a Fulfill, which comprise the statements of financial position as of June 30, 2017 and 2016, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The FoodBank of Monmouth and Ocean Counties d/b/a Fulfill as of June 30, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules of expenditures of federal awards and state awards, as required by *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and New Jersey's OMB Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 25, 2017, on our consideration of The FoodBank of Monmouth and Ocean Counties d/b/a Fulfill's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on the effectiveness of The FoodBank of Monmouth and Ocean Counties d/b/a Fulfill's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering The FoodBank of Monmouth and Ocean Counties d/b/a Fulfill's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Plymouth Meeting, Pennsylvania
October 25, 2017

THE FOODBANK OF MONMOUTH AND OCEAN COUNTIES, INC. D/B/A FULFILL
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2017 AND 2016

ASSETS	2017	2016
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 2,130,063	\$ 1,643,221
Cash and Cash Equivalents - Restricted for B.E.A.T. Center	545,540	339,570
Total Cash and Cash Equivalents	2,675,603	1,982,791
Accounts Receivable, Net	75,669	83,772
Investments	5,368,784	4,664,259
Inventory	1,339,933	1,435,394
Grants Receivable	124,055	186,730
Prepaid Expenses	82,727	82,922
Current Portion of Unconditional Promises to Give	580,033	860,050
Total Current Assets	10,246,804	9,295,918
Property and Equipment, Net	3,191,112	3,656,192
Unconditional Promises to Give, Net	824,045	1,146,251
Security Deposit	14,000	14,000
Total Assets	\$ 14,275,961	\$ 14,112,361
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 581,056	\$ 449,450
Deferred Revenue	381,711	382,181
Agency Funds	90,303	61,265
Total Current Liabilities	1,053,070	892,896
NET ASSETS		
Unrestricted	6,309,301	6,063,478
Operating Reserves For:		
Capital Expenditures	610,000	805,000
Disaster Relief	2,195,000	2,265,000
Food Purchases	2,985,000	2,845,000
Total Unrestricted	12,099,301	11,978,478
Temporarily Restricted	1,123,590	1,240,987
Total Net Assets	13,222,891	13,219,465
Total Liabilities and Net Assets	\$ 14,275,961	\$ 14,112,361

See accompanying Notes to Financial Statements.

THE FOODBANK OF MONMOUTH AND OCEAN COUNTIES, INC. D/B/A FULFILL
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
SUPPORT AND REVENUE			
Contributed Goods	\$ 18,133,153	\$ -	\$ 18,133,153
Contributions	3,105,956	569,817	3,675,773
Grants	-	2,879,504	2,879,504
Fundraising Events	1,008,673	-	1,008,673
Food Distribution Revenue	571,902	-	571,902
Contributed Services and Equipment Program, Other	365,430 10,673	- -	365,430 10,673
Investment Income	839,758	-	839,758
Net Assets Released from Restrictions	<u>3,566,718</u>	<u>(3,566,718)</u>	<u>-</u>
Total Support and Revenue	27,602,263	(117,397)	27,484,866
 EXPENSES			
Program Services	26,150,842	-	26,150,842
Support Services:			
Management and General	299,260	-	299,260
Fundraising	<u>1,031,338</u>	<u>-</u>	<u>1,031,338</u>
Total Support Services	<u>1,330,598</u>	<u>-</u>	<u>1,330,598</u>
 Total Expenses	<u>27,481,440</u>	<u>-</u>	<u>27,481,440</u>
 CHANGE IN NET ASSETS	 120,823	 (117,397)	 3,426
Net Assets - Beginning of Year	<u>11,978,478</u>	<u>1,240,987</u>	<u>13,219,465</u>
 NET ASSETS - END OF YEAR	 <u>\$ 12,099,301</u>	 <u>\$ 1,123,590</u>	 <u>\$ 13,222,891</u>

See accompanying Notes to Financial Statements.

THE FOODBANK OF MONMOUTH AND OCEAN COUNTIES, INC. D/B/A FULFILL
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
SUPPORT AND REVENUE			
Contributed Goods	\$ 16,733,388	\$ -	\$ 16,733,388
Contributions	2,890,030	3,373,162	6,263,192
Grants	-	2,730,841	2,730,841
Fundraising Events	963,731	-	963,731
Food Distribution Revenue	758,652	-	758,652
Contributed Services	374,353	-	374,353
Program, Other	13,759	-	13,759
Investment Income	17,630	-	17,630
Gain on Sale of Asset	16,000	-	16,000
Net Assets Released from Restrictions	<u>4,927,500</u>	<u>(4,927,500)</u>	<u>-</u>
Total Support and Revenue	26,695,043	1,176,503	27,871,546
EXPENSES			
Program Services	23,745,635	-	23,745,635
Support Services:			
Management and General	298,883	-	298,883
Fundraising	<u>995,454</u>	<u>-</u>	<u>995,454</u>
Total Support Services	<u>1,294,337</u>	<u>-</u>	<u>1,294,337</u>
Total Expenses	<u>25,039,972</u>	<u>-</u>	<u>25,039,972</u>
CHANGE IN NET ASSETS	1,655,071	1,176,503	2,831,574
Net Assets - Beginning of Year	<u>10,323,407</u>	<u>64,484</u>	<u>10,387,891</u>
NET ASSETS - END OF YEAR	<u>\$ 11,978,478</u>	<u>\$ 1,240,987</u>	<u>\$ 13,219,465</u>

See accompanying Notes to Financial Statements.

THE FOODBANK OF MONMOUTH AND OCEAN COUNTIES, INC. D/B/A FULFILL
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2017

	Program Services			Supporting Services		
	Emergency Food Distribution (Alleviating Hunger)	Other Programs (Building Food Security)	Total Program Expenses	Management and General	Fundraising	Total
Advertising	\$ 1,132	\$ 6,713	\$ 7,845	\$ 65	\$ 410	\$ 8,320
Agencies Assistance	523,452	-	523,452	-	-	523,452
Assistance to BEAT Center Partner	-	44,540	44,540	-	-	44,540
Benefits	332,856	190,043	522,899	26,529	60,306	609,734
Computer Expense	42,974	36,616	79,590	4,718	25,025	109,333
Conferences, Meetings, and Travel	19,778	53,496	73,274	14,229	11,240	98,743
Contributed Services	208,870	155,079	363,949	1,159	322	365,430
Depreciation	296,675	186,384	483,059	8,695	16,683	508,437
Direct Mail	-	-	-	-	443,342	443,342
Equipment Leases	855	637	1,492	112	196	1,800
Fees, Permits, and License	4,672	3,856	8,528	45,880	16,004	70,412
Food Distributed	18,228,614	-	18,228,614	-	-	18,228,614
Food Purchases and Distribution	1,725,037	-	1,725,037	-	-	1,725,037
Insurance	91,625	20,148	111,773	2,234	5,412	119,419
Kitchen Expense	-	157,903	157,903	-	-	157,903
Office Expense	25,051	18,032	43,083	4,597	5,888	53,568
Outside Services	117,131	-	117,131	-	-	117,131
Payroll Taxes	103,304	76,989	180,293	13,484	23,706	217,483
Postage	3,013	1,946	4,959	2,026	11,419	18,404
Printing and Newsletter	988	49,200	50,188	37	7,054	57,279
Professional Fees	41,481	120,509	161,990	7,379	5,744	175,113
Program Expense (Grant Subrecipient)	-	141,957	141,957	-	-	141,957
Rent	29,399	84,081	113,480	1,764	2,352	117,596
Repairs and Maintenance	125,751	10,356	136,107	217	290	136,614
Salaries and Wages	1,221,427	906,434	2,127,861	159,139	279,644	2,566,644
Special Events	-	-	-	-	92,321	92,321
Supplies	42,301	26,454	68,755	2,313	2,592	73,660
Temporary Employment	120,499	95,470	215,969	1,251	14,800	232,020
Transportation and Freight	219,907	-	219,907	-	-	219,907
Utilities and Telephone	114,120	63,019	177,139	3,432	6,588	187,159
Warehouse Expense	60,068	-	60,068	-	-	60,068
Total Functional Expenses	\$ 23,700,980	\$ 2,449,862	\$ 26,150,842	\$ 299,260	\$ 1,031,338	\$ 27,481,440

See accompanying Notes to Financial Statements.

THE FOODBANK OF MONMOUTH AND OCEAN COUNTIES, INC. D/B/A FULFILL
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2016

	Program Services			Supporting Services		
	Emergency Food Distribution (Alleviating Hunger)	Other Programs (Building Food Security)	Total Program Expenses	Management and General	Fundraising	Total
Advertising	\$ 1,270	\$ 951	\$ 2,221	\$ 174	\$ 496	\$ 2,891
Agencies Assistance	473,960	-	473,960	-	-	473,960
Assistance to BEAT Center Partner	-	134,221	134,221	-	-	134,221
Bad Debt Expense	-	-	-	-	1,500	1,500
Benefits	310,461	166,371	476,832	32,345	58,898	568,075
Computer Expense	48,375	41,530	89,905	6,244	12,984	109,133
Conferences, Meetings, and Travel	23,717	68,603	92,320	4,835	6,370	103,525
Contributed Services	168,348	95,475	263,823	1,033	172	265,028
Depreciation	261,983	78,481	340,464	5,614	10,997	357,075
Direct Mail Expenses	-	-	-	-	401,979	401,979
Equipment Leases	1,444	252	1,696	33	71	1,800
Permits, Fees, and Licenses	4,451	3,331	7,782	40,849	14,014	62,645
Food Distributed	16,244,066	-	16,244,066	-	-	16,244,066
Food Purchases and Distribution	2,160,734	-	2,160,734	-	-	2,160,734
Insurance	94,947	17,359	112,306	2,213	4,673	119,192
Kitchen Expense	-	136,414	136,414	-	-	136,414
Office Expense	30,587	13,868	44,455	5,947	4,736	55,138
Operations	59,477	11,432	70,909	240	320	71,469
Payroll Taxes	93,625	70,422	164,047	12,823	26,663	203,533
Postage	2,057	1,372	3,429	1,547	10,389	15,365
Printing	9,425	9,477	18,902	1,271	2,634	22,807
Professional Fees	107,264	168,641	275,905	23,884	20,142	319,931
Program Expense	-	48,168	48,168	-	-	48,168
Repairs and Maintenance	79,786	2,257	82,043	49	66	82,158
Salaries and Wages	1,114,961	833,345	1,948,306	152,796	316,745	2,417,847
Special Events	-	-	-	-	87,720	87,720
Supplies	35,743	20,360	56,103	1,565	3,144	60,812
Temporary Employment	81,516	11,854	93,370	2,165	4,501	100,036
Rent	9,089	25,994	35,083	545	727	36,355
Transportation and Freight	181,831	-	181,831	-	-	181,831
Utilities and Telephone	102,997	39,674	142,671	2,711	5,513	150,895
Warehouse Expense	43,669	-	43,669	-	-	43,669
Total Functional Expenses	\$ 21,745,783	\$ 1,999,852	\$ 23,745,635	\$ 298,883	\$ 995,454	\$ 25,039,972

See accompanying Notes to Financial Statements.

THE FOODBANK OF MONMOUTH AND OCEAN COUNTIES, INC. D/B/A FULFILL
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2017 AND 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 3,426	\$ 2,831,574
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation	508,437	357,075
(Gain) Loss on Sale of Property and Equipment	27,271	(16,000)
Net Unrealized and Realized (Gains) Losses on Investments	(701,041)	128,011
(Increase) Decrease In:		
Accounts Receivable, Net	8,103	(25,090)
Inventory	95,461	(489,321)
Grants Receivable	62,675	66,737
Prepaid Expenses	195	15,601
Current Portion of Unconditional Promises to Give, Net	280,017	(859,050)
(Increase) Decrease In:		
Accounts Payable and Accrued Expenses	131,606	132,583
Deferred Revenue	(470)	(308,276)
Agency Funds	29,038	(60,218)
Net Cash Provided By Operating Activities	444,718	1,773,626
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	(70,628)	(2,011,883)
Proceeds from Sale of Property and Equipment	-	16,000
Purchases of Investments	(1,327,844)	(1,255,357)
Proceeds from Sale of Investments	1,324,360	1,330,348
Net Cash Used By Investing Activities	(74,112)	(1,920,892)
 CASH FLOWS FROM FINANCING ACTIVITIES		
Unconditional Promises to Give, Net	322,206	(1,141,251)
 NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	692,812	(1,288,517)
 Cash and Cash Equivalents - Beginning of Year	1,982,791	3,271,308
 CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 2,675,603	\$ 1,982,791

See accompanying Notes to Financial Statements.

THE FOODBANK OF MONMOUTH AND OCEAN COUNTIES, INC. D/B/A FULFILL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The FoodBank of Monmouth and Ocean Counties d/b/a Fulfill is a New Jersey nonprofit corporation incorporated in 1984. This past year there was a rebranding initiative that resulted in a new name and logo. The FoodBank of Monmouth and Ocean Counties is now doing business as (D/B/A) Fulfill. As Fulfill, we mobilize our entire community with a comprehensive approach to efficiently fight and win against hunger.

Fulfill's base of activities is at its main location, 3300 Route 66, Neptune, New Jersey, as well as its satellite location at the B.E.A.T. Center, 1769 Hooper Avenue, Toms River, New Jersey. The acronym stands for Bringing Everyone All Together, and is the result of collaboration between Fulfill, Inspire NJ (d/b/a People's Pantry) and the JBJ Soul Kitchen. The mission of Fulfill is to alleviate hunger and build food security in Monmouth and Ocean Counties, New Jersey. Fulfill envisions Monmouth and Ocean Counties as a food secure community where all people at all times have access to enough nutritious food to maintain an active and healthy life. Fulfill is a member of Feeding America, the Nation's Food Bank Network.

Nature of Activities

Fulfill key activities:

Food Distribution

Fulfill acquires nutritious food for distribution to families in need in Monmouth and Ocean Counties. Fulfill primarily delivers nutritious food through a network of charitable agencies, our mobile pantries, and Kids' Feeding Programs. Sources of donated food include local food donations, national donations through Feeding America, and government food such as The Emergency Food Assistance Program (TEFAP). Fulfill supplements donated food and products with specific grocery items purchased through a small bulk co-op program, as well as purchases made with funding from the State Food Purchase Program and other funding.

Fulfill also prepares meals for 250 children in afterschool programs and participates in the **Summer Food Service Program**, sponsoring the provision of breakfasts and/or lunches to over 1,000 children in low income areas attending summer programs.

Reducing the Need

In addition to food distribution, Fulfill identifies opportunities and resources designed to reduce the need and keep our families food secure.

The Culinary Training Program provides hands-on training in an onsite production kitchen for underprivileged adults in need of permanent employment. The program helps men and women become self-sufficient by providing the skills they need to obtain better-paying jobs and operates out of both Neptune and Toms River locations. The Culinary Training Program helps prepare hot meals for the after-school and summer food programs.

THE FOODBANK OF MONMOUTH AND OCEAN COUNTIES, INC. D/B/A FULFILL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reducing the Need (continued)

Fulfill assists households to access benefits and resources that will help them address the budget shortfall which can cause hunger and prevent food security. Resources include but are not limited to outreach and application assistance for Supplemental Nutrition Assistance Program (SNAP), free tax assistance through the Volunteer Income Tax Assistance (VITA) and as navigators in applying for health insurance under the Affordable Care Act and Medicaid/NJ Family Care. Activities are conducted locally and at as many as 20 community sites each month.

Awareness and Engagement

Fulfill also promotes awareness of hunger and the solutions available through campaigns and other activities including:

Community Volunteer Garden Program helps adults and youth grow fresh produce as a community service.

Children's Education Programs enable youth groups to visit Fulfill to learn about hunger, its causes, and solutions, or display their works in an Art Gallery depicting important social themes such as hunger and volunteerism.

Volunteer Program provides community service opportunities for businesses, civic groups, schools and individuals.

Basis of Presentation

The organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted Net Assets – Net assets that are not subject to donor-imposed stipulations. These assets may, however, be subject to board designation.

Temporarily Restricted Net Assets – Net assets subject to donor-imposed stipulations that will be met either by completion of a stipulated action and/or the passage of time.

Permanently Restricted Net Assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on any related investments for general or specific purposes. As of June 30, 2017 and 2016, there were no permanently restricted net assets.

THE FOODBANK OF MONMOUTH AND OCEAN COUNTIES, INC. D/B/A FULFILL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

The process of preparing financial statements in conformity with generally accepted accounting principles in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, support, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

Cash and Cash Equivalents

Management considers all highly liquid debt instruments purchased with a maturity of three months or less and money market accounts to be cash equivalents.

Pursuant to Feeding America's contract, a member organization shall have demonstrated unrestricted cash reserves equal to or greater than an average quarter's cash operating expenses.

Credit Risk Arising from Cash Deposits in Excess of Insured Limits

Fulfill maintains cash balances at various financial institutions, in which deposits are insured by a federal agency up to \$250,000. At various times, cash balances at these institutions may exceed the insurance limits. Fulfill monitors these banks and believes the risk of loss to be minimal.

Accounts and Grants Receivable

Accounts and grants receivable are stated at the amount management expects to collect from outstanding accounts, net of allowances of \$-0- and \$1,500 as of June 30, 2017 and 2016, respectively. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts or grants receivable.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values as determined by quoted market prices or cost, when such cost approximates fair value. Certificates of deposit are recorded at cost plus interest which approximates fair value. Realized and unrealized gains and losses are included in the change in net assets.

THE FOODBANK OF MONMOUTH AND OCEAN COUNTIES, INC. D/B/A FULFILL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurements

Fulfill measures fair value using a three-level hierarchy for fair value measurements based upon the transparency of inputs to the valuation of an asset or liability. Inputs may be observable or unobservable and refer broadly to the assumptions that market participants would use in pricing the asset or liability. Observable inputs reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity's own assumptions about the assumptions that market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The fair value hierarchy consists of three levels of inputs that may be used to measure fair value as follows:

Level 1 – Inputs that utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that Fulfill has the ability to access.

Level 2 – Inputs that include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. Fair values for these instruments are estimated using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows.

Level 3 – Inputs that are unobservable inputs for the asset or liability, which are typically based on an entity's own assumptions, as there is little, if any, related market activity.

Inventory

Inventory consists primarily of food commodities that have been contributed to or purchased by Fulfill. All contributed food items are valued using a weighted average price per pound determined using studies commissioned by Feeding America, the nation's largest nongovernmental food distribution program. When the food is distributed, the value of the food is released from inventory and recorded as distributed in-kind food. Purchased food is recorded as inventory at the lower of cost or market.

Property and Equipment

Fulfill capitalizes all expenditures for property and equipment in excess of \$5,000. Property and equipment are recorded at cost or fair market value at date of contribution (if donated). Depreciation is provided using straight-line methods over the estimated useful lives of the assets.

THE FOODBANK OF MONMOUTH AND OCEAN COUNTIES, INC. D/B/A FULFILL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions

All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

Promises to Give

Unconditional promises to give are recognized as support or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when conditions on which they depend are substantially met and the promises become unconditional. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to promises to give.

Contributed Goods

Fulfill receives a significant amount of contributed food inventory that is recorded in the accompanying financial statements as unrestricted contributions, net of amounts related to food that is unusable or spoiled when received. One of the major sources of contributed food is the United States Department of Agriculture (USDA) which allocates food commodities to Fulfill under The Emergency Food Assistance Program (TEFAP) and the Commodity Supplemental Food Program (CSFP). For the years ended June 30, 2017 and 2016, approximately 34% and 39% of contributed goods were received under TEFAP and CSFP.

Under these programs, food commodities are distributed without cost to all eligible recipients within the approved service areas. Upon distribution, the food is recorded as a decrease in unrestricted net assets.

All contributed food items are valued using a weighted average price per pound determined by using studies commissioned by Feeding America, the nation's largest nongovernmental food distribution program.

For the year ended June 30, 2017, the weighted average value per pound for TEFAP and CSFP food was \$1.52 and the total net value of all TEFAP and CSFP contributed food was approximately \$6,130,911. For the year ended June 30, 2016, the weighted average value per pound for TEFAP and CSFP food was \$1.67 and the total net value of all TEFAP and CSFP food was \$6,595,747.

For the year ended June 30, 2017, the weighted average value per pound of all other contributed food was \$1.73 and the total net value of all contributed food was \$12,002,242. For the year ended June 30, 2016, the weighted average value per pound of all other contributed food was \$1.67 and the total net value of all contributed food was \$10,137,641.

THE FOODBANK OF MONMOUTH AND OCEAN COUNTIES, INC. D/B/A FULFILL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributed Services

Contributed services are recognized as contributions if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by people with those skills, and would otherwise be purchased by Fulfill. The estimated number of hours was approximately 7,680 and 5,600 for the years ended June 30, 2017 and 2016. The fair value of such services for the years ended June 30, 2017 and 2016 was approximately \$210,900 and \$149,528, respectively. Additionally, there were approximately \$154,530 and \$115,500 in-kind broadcasting and advertising services which have been recorded as revenue for 2017 and 2016, respectively. Lastly, there were approximately \$-0- and \$109,325 in-kind fixed assets that were capitalized for 2017 and 2016, respectively.

Fulfill also receives a significant amount of contributed time from volunteers that is not recognized as contributions in the financial statements since the recognition criteria under FASB ASC 958-605-25-16 were not met. Between July 1, 2016 and June 30, 2017, Fulfill received over 2,881 volunteers who together donated approximately 27,137, hours of work. Fulfill gratefully acknowledges the time and effort of these compassionate individuals, without whom it would not be able to distribute as much food and services as necessary to local families in need.

Allocation of Functional Expense

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Fulfill allocated joint costs for certain program activities that include fundraising. Salaries and wages, as well as related benefits and taxes, were allocated among program and supporting services based upon an estimate of the actual time each employee contributed to each function. Other costs were allocated primarily based on square footage.

Income Taxes

Fulfill is a nonprofit organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from state and federal taxes.

Fulfill is required to file Form 990, *Return of Organization Exempt from Income Tax*, with the Internal Revenue Service and the New Jersey *Charities Registration & Investigation Form (CRI)*. These forms are subject to examination for up to three years after they are filed. The Organization follows the income tax standard for uncertain tax positions. This standard had no impact on the Organization's financial statements. The Organization's income tax returns are subject to review and examination by federal and state authorities.

THE FOODBANK OF MONMOUTH AND OCEAN COUNTIES, INC. D/B/A FULFILL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Shared Maintenance Fees

Fulfill may charge a shared maintenance fee of up to \$.19 per pound to the recipient agency or other charitable organization, which takes donated food and commodities and redistributes to the poor, needy and hungry. This fee is included in support and revenue.

Advertising

Advertising costs are expensed as incurred.

Subsequent Events

In preparing these financial statements, Fulfill has evaluated events and transactions for potential recognition or disclosure through October 25, 2017, the date the financial statements were available to be issued.

NOTE 2 INVESTMENTS

Investments at June 30, 2017 and 2016 consist of the following:

	<u>2017</u>	<u>2016</u>
Certificates of Deposit	\$ 106,435	\$ -
Equity Securities	3,401,338	3,049,899
Bonds	1,861,011	1,614,360
Total Investments	<u>\$ 5,368,784</u>	<u>\$ 4,664,259</u>

Fulfill uses fair value measurements to record fair value adjustment to certain assets and to determine fair value disclosures. For additional information on how Fulfill values all other assets, refer to Note 1 – Summary of Significant Accounting Policies. Fulfill considers all investments to be Level 1 within the fair value hierarchy.

Investment income for the years ended June 30, 2017 and 2016 consisted of the following:

	<u>2017</u>	<u>2016</u>
Dividends and Interest	\$ 138,717	\$ 145,641
Net Unrealized and Realized Gains (Loss) on Investments	701,041	(128,011)
Total	<u>\$ 839,758</u>	<u>\$ 17,630</u>

THE FOODBANK OF MONMOUTH AND OCEAN COUNTIES, INC. D/B/A FULFILL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

NOTE 3 UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give, net of discount to net present values of June 30, 2017 and 2016 are as follows:

	<u>2017</u>	<u>2016</u>
Receivable in One Year or Less	\$ 580,033	\$ 860,050
Receivable in Two to Five Years	956,883	1,259,477
Total Unconditional Promises to Give	1,536,916	2,119,527
Less 5% Discount to Net Present Value	132,838	113,226
Total Unconditional Promises to Give, Net	<u>\$ 1,404,078</u>	<u>\$ 2,006,301</u>

NOTE 4 PROPERTY AND EQUIPMENT

Property and equipment is summarized as follows:

	<u>2017</u>	<u>2016</u>
Land	\$ 97,500	\$ 97,500
Land Improvements	787,629	787,629
Leasehold Improvements - The B.E.A.T. Center	1,303,200	1,318,030
Buildings	3,175,812	3,175,812
Furniture and Fixtures	90,522	84,940
Furniture and Fixtures - The B.E.A.T Center	25,561	32,616
Transportation Equipment	743,095	743,095
Equipment	576,654	717,962
Equipment - The B.E.A.T. Center	505,868	508,584
Website Development	27,253	7,553
Appliances	16,604	16,604
Appliances - The B.E.A.T. Center	1,962	1,962
Computer Equipment	151,649	141,129
Total	7,503,309	7,633,416
Less: Accumulated Depreciation	4,312,197	3,977,224
Total Property and Equipment	<u>\$ 3,191,112</u>	<u>\$ 3,656,192</u>

THE FOODBANK OF MONMOUTH AND OCEAN COUNTIES, INC. D/B/A FULFILL
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2017

NOTE 5 COMMITMENTS AND CONTINGENCIES

Operating Leases

Fulfill leases office machinery under one noncancelable operating lease which expires in March 2020. Rent expense under this lease for the year ended June 30, 2017 and 2016 was approximately \$1,800 each year.

Fulfill entered into a 10-year renewable lease agreement with Rocco Berardi on April 1, 2015 to lease approximately 12,000 square feet of space at Silverton Plaza, 1769 Hooper Avenue, Toms River, New Jersey referred to as the B.E.A.T. Center.

The rental commencement date was March 9, 2016 which was the earlier of the following date: (a) one hundred twenty (120) days from the receipt of building permits from the Township of Toms River or (b) upon Tenant's receipt of a Certificate of Occupancy. The total due under this 10-year lease is \$1,516,950 as of June 30, 2017. Gross rent expense under this lease for the year ended June 30, 2017 was \$168,000 and net rent expense was \$117,596.

Fulfill's future lease payments under both leases are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2018	\$ 169,800
2019	169,800
2020	169,350
2021	170,100
2022	176,400
Thereafter	<u>661,500</u>
Total	<u>\$ 1,516,950</u>

Fulfill entered into a five-year renewable sublease agreement with Jon Bon Jovi Soul Foundation (JBJSF) on April 1, 2015 wherein JBJSF will sublease approximately 1,600 square feet of the B.E.A.T. Center space. The total due to Fulfill under this sublease is \$112,000. The rental commencement date was March 9, 2016. The total rent income for the year ended June 30, 2017 was \$22,400.

Fulfill entered into a 10-year sublease agreement with Inspire NJ, Inc. (d/b/a the People's Pantry) on April 1, 2015 wherein Inspire NJ, Inc. will sublease approximately 2,000 square feet of the B.E.A.T. Center space. The total due to Fulfill under this sublease is \$287,000. The rental commencement date was March 9, 2016. The total rent income for the year ended June 30, 2017 was \$28,004.

THE FOODBANK OF MONMOUTH AND OCEAN COUNTIES, INC. D/B/A FULFILL
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2017

NOTE 5 COMMITMENTS AND CONTINGENCIES (CONTINUED)

Operating Leases (Continued)

Fulfill's future receipts under both leases are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2018	\$ 50,400
2019	50,400
2020	50,400
2021	43,400
2022	29,400
Thereafter	107,800
Total	<u>\$ 331,800</u>

The B.E.A.T. Center

The B.E.A.T. Center (Bringing Everyone All Together) opened in the spring of 2016 and is collaboration between three nonprofits: Fulfill, JBJSF and Inspire-NJ and serves as a place where families and individuals can access food, job training, and resources to help end the cyclical causes of hunger in Ocean County.

The three collaborating nonprofits entered into a Memorandum of Understanding (MOU) on March 27, 2015 to establish donor solicitation parameters and appropriations of donated funds, services and other gifts-in-kind based on the original vision case and investment needed. An addendum to the MOU was entered into in April of 2016 because there were not sufficient anticipated receipts of grants and donations to cover the cash flow needs of the project as payments became due and there were significant increases to the preliminary estimates for build-out costs, start-up costs and first year occupancy costs.

Fulfill committed up to \$1,300,000 as a working capital appropriation to be repaid by future pledges. Through June 30, 2017, Fulfill has advanced the B.E.A.T. Center \$1,100,000 to be repaid from future pledges. \$400,000 has been repaid as of June 30, 2017.

JBJSF committed up to \$200,000 as a working capital appropriation to be repaid by future pledges. Through June 30, 2017, JBJSF has advanced the B.E.A.T. Center \$125,298 to be repaid from future pledges. \$41,766 has been repaid as of June 30, 2017.

Fulfill opened a separate bank account for B.E.A.T. Center activity. While Fulfill is the owner and custodian of these funds, these funds are held for use of the three B.E.A.T. Center nonprofits as indicated in the MOU and the addendum to the MOU and are recorded as restricted cash on the statement of net position at June 30, 2017.

THE FOODBANK OF MONMOUTH AND OCEAN COUNTIES, INC. D/B/A FULFILL
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2017

NOTE 5 COMMITMENTS AND CONTINGENCIES (CONTINUED)

Contractual Adjustments

The contracts under which Fulfill conducts its programs contain provisions defining costs, which are allowable and reimbursable within the program. Program billings are subject to audit by various governmental funding sources. Audits of these billings may result in adjustments for disallowances. No provision has been made for any liabilities that may arise from such audits since the amounts, if any, cannot be determined to date.

NOTE 6 EMPLOYEE BENEFIT PLAN

Fulfill adopted a 401(k) retirement savings plan effective January 1, 2009. This plan is available to employees who have completed three months of service and meet other eligibility requirements. Fulfill may contribute to the 401(k) plan on a matching and/or discretionary basis. For the years ended June 30, 2017 and 2016, the Fulfill matched on a 50% basis, employees' contributions of up to 6%. For the years ended June 30, 2017 and 2016, Fulfill elected to make a basic/discretionary contribution to eligible employees of 2% of fiscal year 2017 and 2016 compensation. Total employer contributions to the 401(k) plan for the years ended June 30, 2017 and 2016 were \$97,083 and \$96,584, respectively.

NOTE 7 RELATED PARTY TRANSACTIONS

Fulfill paid a membership fee of approximately \$6,576 and \$6,693 to Feeding America for the years ended June 30, 2017 and 2016, respectively. Food received through Feeding America's Choice System represented approximately 19% and 25% of the total amount of donated food for the years ended June 30, 2017 and 2016, respectively.

Choice System is a web-based tool that allows members of Feeding America to acquire product donations made available through the national office. The Choice System eliminates subjectivity and inefficiency in matching local food inventories with donation offers and provides more food to hungry Americans across the country.

NOTE 8 TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of contributions available for use, but expendable or distributable only for purposes specified by the donor. At June 30, 2017 and 2016, temporarily restricted net assets are restricted for the following purposes:

	<u>2017</u>	<u>2016</u>
The B.E.A.T. Center	\$ 1,076,512	\$ 1,160,304
Other Program	47,078	80,683
Total Temporarily Restricted Net Assets	<u>\$ 1,123,590</u>	<u>\$ 1,240,987</u>

THE FOODBANK OF MONMOUTH AND OCEAN COUNTIES, INC. D/B/A FULFILL
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2017

<u>Pass-through Grantor/Program or Cluster Title</u>	<u>Federal CFDA/ Grant Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Award Period</u>	<u>Current Year's Expenditures</u>
Federal Awards				
U.S. Department of Agriculture				
New Jersey Department of Agriculture:				
Food Distribution Cluster:				
The Emergency Food Assistance Program (TEFAP):				
Administrative Costs	10.568	055030	7/1/16-6/30/17	\$ 246,807
The Emergency Food Assistance Program (TEFAP):				
Food Commodities - TEFAP	10.569	055030	7/1/16-6/30/17	5,980,354
Commodity Supplemental Food Program - Food Commodities	10.565	N/A	7/1/16-6/30/17	228,600
Subtotal U.S. Department of Agriculture, Food Distribution Cluster				<u>6,455,761</u>
Summer Food Service Program for Children	10.559	N/A	7/1/16-6/30/17	93,956
Child and Adult Care Food Program	10.558	N/A	7/1/16-6/30/17	97,652
Supplemental Nutrition Assistance Program	10.551	N/A	10/1/16-9/30/17	88,983
Total U.S. Department of Agriculture				<u>6,736,352</u>
U.S. Department of Homeland Security				
New Jersey Department of Human Services:				
Emergency Food and Shelter National Board Program	97.024	N/A	7/1/16-6/30/17	27,114
U.S. Department of Housing and Urban Development				
Ocean County Board of Chosen Freeholders: Emergency Food Services				
Community Development Block Grant	14.218	N/A	7/1/16-6/30/17	12,500
U.S. Department of Health and Human Services				
Cooperative Agreement to Support Navigators in Federally-				
Facilitated and State Partnership Marketplaces	93.332	N/A	8/15/16-8/14/17	313,276
New Jersey Department of Human Services:				
Ocean County Board of Chosen Freeholders Social Services Block Grant	93.667	N/A	7/1/16-6/30/17	70,000
New Jersey Department of Human Services				
Monmouth County Board of Chosen Freeholders	N/A	N/A	7/1/16-6/30/17	8,361
Total U.S. Department of Health and Human Services				<u>391,637</u>
U.S. Department of the Treasury				
Volunteer Income Tax Assistance (VITA) Matching Grant Program	21.009	N/A	7/1/16-6/30/17	15,000
Total Expenditures of Federal Awards				<u><u>\$ 7,182,603</u></u>

See the accompanying notes to the Schedules of Expenditures of Federal and State Awards.

**THE FOODBANK OF MONMOUTH AND OCEAN COUNTIES, INC. D/B/A FULFILL
SCHEDULE OF EXPENDITURES OF STATE AWARDS
YEAR ENDED JUNE 30, 2017**

<u>State of New Jersey Grantor/Program</u>	<u>State of New Jersey Account/ Grant Number</u>	<u>Award Amount</u>	<u>Grant Period</u>		<u>FY 2017 Year's Expenditures</u>	<u>Total Expenditures</u>
			<u>From</u>	<u>To</u>		
New Jersey Department of Agriculture						
State Food Purchase Program	55020	\$ 6,319,234	6/1/2007	N/A	\$ 678,313	\$ 6,319,234
State Food Purchase Program - Distribution Costs	55020	681,162	6/1/2007	N/A	76,205	681,162
The Emergency Food Assistance Program (TEFAP):						
Administrative Costs	N/A	<u>29,254</u>	6/1/2007	N/A	<u>29,254</u>	<u>29,254</u>
 Total Expenditures of State Awards		 <u>\$ 7,029,650</u>			 <u>\$ 783,772</u>	 <u>\$ 7,029,650</u>

See the accompanying notes to the Schedules of Expenditures of Federal and State Awards.

FULLILL (FORMERLY THE FOODBANK OF MONMOUTH AND OCEAN COUNTIES, INC.)
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
JUNE 30, 2017

NOTE 1 BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards include the federal and state grant activity of Fulfill and are presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements. Because the accompanying schedules present only a selected portion of the operations of Fulfill, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Fulfill. Fulfill has elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 2 FOOD COMMODITIES

Contributed food items are valued using a weighted average price per pound determined by studies commissioned by Feeding America, the nation's largest nongovernmental food distribution program. For the year ended June 30, 2017, the weighted average value per pound for this contributed food was \$1.52.

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Trustees
The FoodBank of Monmouth and Ocean Counties d/b/a Fulfill
Neptune, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Fulfill, which comprise the statement of financial position as of June 30, 2017, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 25, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered The FoodBank of Monmouth and Ocean Counties d/b/a Fulfill's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of The FoodBank of Monmouth and Ocean Counties d/b/a Fulfill's internal control. Accordingly, we do not express an opinion on the effectiveness of The FoodBank of Monmouth and Ocean Counties d/b/a Fulfill's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether The FoodBank of Monmouth and Ocean Counties d/b/a Fulfill's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

Plymouth Meeting, Pennsylvania
October 25, 2017

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM AND
REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND NEW
JERSEY OMB CIRCULAR 15-08**

Board of Trustees
The FoodBank of Monmouth and Ocean Counties d/b/a Fulfill
Neptune, New Jersey

Report on Compliance for Each Major Federal and State Program

We have audited The FoodBank of Monmouth and Ocean Counties d/b/a Fulfill's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *New Jersey State Grant Compliance Supplement* that could have a direct and material effect on each of The FoodBank of Monmouth and Ocean Counties d/b/a Fulfill's major federal and state programs for the year ended June 30, 2017. The FoodBank of Monmouth and Ocean Counties d/b/a Fulfill's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal and state programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of The FoodBank of Monmouth and Ocean Counties d/b/a Fulfill's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; audit requirements as prescribed by the Department of Treasury, State of New Jersey; *Title 2 U.S. Code of Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* and *State of New Jersey Circular 15-08-OMB, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, the Uniform Guidance, and State of New Jersey Circular 15-08-OMB, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about The FoodBank of Monmouth and Ocean Counties d/b/a Fulfill's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and state program. However, our audit does not provide a legal determination of The FoodBank of Monmouth and Ocean Counties d/b/a Fulfill's compliance.

Opinion on Each Major Federal and State Program

In our opinion, The FoodBank of Monmouth and Ocean Counties d/b/a Fulfill complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2017.

Report on Internal Control Over Compliance

Management of Fulfill is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered The FoodBank of Monmouth and Ocean Counties d/b/a Fulfill's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and State of New Jersey Circular 15-08-OMB, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of The FoodBank of Monmouth and Ocean Counties d/b/a Fulfill's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the result of that testing based on the requirements of the Uniform Guidance and state of New Jersey Circular 15-08-OMB. Accordingly, this report is not suitable for any other purpose.



CliftonLarsonAllen LLP

Plymouth Meeting, Pennsylvania
October 25, 2017

**THE FOODBANK OF MONMOUTH AND OCEAN COUNTIES, INC. D/B/A FULFILL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2017**

Section I – Summary of Auditors’ Results

Financial Statements

1. Type of auditors’ report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness identified? _____ yes X no
 - Significant deficiency identified that are not considered to be material weakness? _____ yes X none reported
3. Noncompliance material to financial statements noted? _____ yes X no

Federal Awards

1. Internal control over major federal programs:
- Material weakness identified? _____ yes X no
 - Significant deficiency identified that are not considered to be material weakness? _____ yes X none reported
2. Type of auditor’s report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _____ yes X no

Identification of Major Federal and State Programs

CFDA Number/Contract/Grant #

10.565, 10.568, 10.569
055020

Name of Federal or State Program or Cluster

Food Distribution Cluster
State Food Purchase Program

Dollar threshold used to distinguish between Type A or Type B programs was:

\$ 750,000

Auditee qualified as low-risk auditee

 X yes no

**THE FOODBANK OF MONMOUTH AND OCEAN COUNTIES, INC. D/B/A FULFILL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2017**

Section II – Financial Statement Findings

Our audit did not disclose any matters required to be reported in accordance with Government Auditing Standards.

Section III – Findings and Questioned Costs – Major Federal Programs

Our audit did not disclose any matters required to be reported in accordance with 2 CFR 200.516(a).

Section IV – Prior Findings

There were no findings disclosed in the prior year auditor's report for the year ended June 30, 2016.



Investment advisory services are offered through CliftonLarsonAllen
Wealth Advisors, LLC, an SEC-registered investment advisor.